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FOREIGN AGRICULTURE



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Dollar Progress Under P.L. 480 The Second World Food Congress

August 10, 1970

Foreign
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This week's cover:

Top left, British youth demonstrating against world hunger; bottom left, Malawi baby shows results of good nutrition; center, Moroccan extension worker and farmer exult over hybrid corn yields. At the Second World Food Congress (see story beginning p. 5), young people played an active and vocal part, insisting that stress must now be laid on a more just distribution of the production increases that come from better technology.

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By JAMES A. HUTCHINS, JR.

Assistant Sales Manager
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Major progress toward the goal of dollar financing, instead of local currency sales, marked the Food for Peace Program in 1969. It was the fifteenth year of the program's existence and the third since Congress, in revamping the basic legislation (Public Law 480), directed that the program be shifted entirely to a dollar basis by the end of 1971.

Among the programs for 22 countries with which 39 sales agreements or amendments were signed under Title I of the law in 1969, only the Vietnam program calls exclusively for local currency financing. Only five others—Ghana, India, Korea, Pakistan, and Tunisia—provide for partial local currency financing. All the rest were for long-term dollar credit or for local currencies convertible to dollars.

The rapid transition to dollar sales was one of the highlights of a Food for Peace year that saw a drop in value of commodities exported under sales agreements, a substantial rise in the value of new sales agreements entered into, and a slight gain in the value of commodities that were donated to foreign countries.

President Nixon, in his annual report to Congress on the year's Food for Peace activities, called the program "a landmark among humanitarian efforts to improve diets in the developing areas of the world.

"It plays an important part," he said, "in the work of developing nations to improve their own agricultural production, marketing, and distribution. Although many of these countries are becoming better able to feed their people, the need for substantial food assistance continues."

New arrangements for payment in 1969

don't change the role of U.S. commodities

in combating world food needs.

The value of commodities shipped under the program in 1969 was just over \$1 billion, or slightly more than 17 percent of the country's total agricultural exports for the year. Both the amount and the percentage were the lowest for a full year in the history of the program.

Of the 1969 shipments, \$762 million worth represented commodities sold and \$256 million was in the form of donations to relieve distress, combat malnutrition, and support development. Donations went to 105 nations, where they benefited 74 million people, over 40 million of them children.

In the new 1969 agreements, approximately half of the commodities scheduled to be supplied will be paid for over a maximum of 40 years in local currencies convertible to dollars. One-third are to be paid for in foreign currencies on delivery

Moves Toward Dollar Terms

of the commodities, and the rest in dollars over a period of up to 20 years.

A special phase of the dollar program now receiving increasing emphasis is the making of agreements with private trade entities abroad, generally known as the PTE program. This accounted for nearly \$5 million of exports in 1969. One of the most ambitious of these arrangements is that in Korea, where commodities have been furnished to four firms to enable them to finance construction and operation of modern feed mixing and livestock and poultry production and processing facilities. As these facilities become fully operational, they will expand the cash market in Korea for U.S. feedgrains and other feed ingredients. The private trade entity program was also used in 1969 to export U.S. vegetable oils to an Iranian development bank in an effort to reestablish the historic U.S. share of Iran's vegetable oil market.

Although India greatly decreased its assistance requirements, it was still the major Food for Peace recipient in 1969.

As in all previous years of the program, wheat was the major commodity, both in value and quantity, to be exported under the sales program. Shipments of wheat and flour amounted to 4.5 million metric tons—equivalent to double the annual wheat production of the State of Texas. This brought total wheat shipments since 1954 to 121 million metric tons. Other major commodities shipped under the program in 1969 were rice, feedgrains (including corn and grain sorghum), soybean oil, and cotton.

India is still the principal recipient of Food for Peace assistance, although the value of commodities programed to that country dropped to about \$260 million in 1969—less than half what it was receiving annually under the program a few years ago. This reflects to a large degree India's success with the new high-yielding wheat varieties and favorable monsoon rains. It is also the result of higher fertilizer production in India, improvements in the price-support program, steady progress in irrigation, and enlargement of grain-storage facilities.

Indonesia ranked second in value of commodities programed last year, followed by Vietnam, Korea, and Turkey, in that order.

One notable development of the year was the progress made by recipient countries in self-help activities to which they must agree under the program. India set—and met—a goal of planting 21 million acres to new high-yielding cereal varieties last year. Morocco has set a goal of covering 1.5 million acres with new wheat varieties by 1972 and is already two-thirds of the way there. Many of the countries go beyond their commitments.

Balance-of-payments benefits to the United States through Food for Peace in 1969 amounted to \$258 million. This resulted from the use of foreign currencies to pay embassy and

defense costs overseas that would otherwise have required dollars and also from principal and interest payments made on previous credit sales under the program.

Besides their use to save dollars in the U.S. Government's essential overseas expenditures, foreign currencies generated through Food for Peace are in part devoted to other U.S. purposes abroad. In 1969, for example, roughly \$12.5 million of such currencies were used for overseas market development projects in cooperation with private industry, which more than matched the government contribution to the program. Market development projects during the year included trade mission tours of the United States by foreign buyers, participation in 16 trade fairs overseas, and a total of 32 retail store promotions in 10 countries. A new activity in 1969 was cooperation with a group of midwestern State governments which associated in forming the Mid-American International Agricultural Trade Council (MIATCO) to expand farm exports from the midwest.

Among other 1969 uses of foreign currencies were: grants in four countries for research to improve marketability, quality, processing, and storing of agricultural products; nine new grants for overseas research designed to contribute to increased use of cereal grains, cotton, fruits and vegetables, animal products, and other commodities; allocation of \$14 million for educational and cultural activities, such as student exchanges, assistance to American-sponsored schools abroad, and presentations abroad of U.S. performers; use of some \$8 million to construct, maintain, and operate diplomatic and consular buildings; and grants of funds to several countries, principally Vietnam and Korea, for common defense.

Foreign currencies from sales proceeds have been put to many dollar-saving uses around the world.

Some of the foreign currency sales proceeds are lent back to the purchasing countries to finance economic development projects. These loans totaled \$101 million in 1969, with India and Pakistan the major recipients. Substantial amounts are also lent to U.S. firms for business development abroad. The \$42 million in such loans in nine countries in 1969 brought the total to more than \$400 million since this currency use was introduced into the program in 1958. In total, 406 loans have been made to private business firms in 31 countries.

High on the list of foreign currency uses are grants for programs designed to curb population growth abroad. Congress requires that, if requested by the foreign country, not less than 5 percent of total sales proceeds each year be made available for this purpose. A major recipient of these funds has been Pakistan, which has a goal of reducing its birthrate by 40 percent by 1975, and reports that as of July 1969, 3.4 million of a total of 20 million fertile couples were practicing family planning. About \$350,000 was made available to Ghana dur-

ing 1969 for family planning programs, including maternal and child health care.

The year was also marked by growing sales of foreign currencies which are in excess of government needs to private U.S. citizens and nonprofit organizations for travel abroad and other purposes. There was \$4.2 million in such sales during 1969, bringing the total to \$16.6 million since Congress authorized this use in 1963. Foreign currency sales were made to U.S. citizens in eight countries: Ceylon, Egypt, Guinea, India, Israel, Morocco, Pakistan, and Tunisia.

*In multifaceted programs, food
donations provide emergency relief,
better nutrition, and employment.*

In the Food for Peace donation program carried out under Title II of Public Law 480, nearly 2 million metric tons of U.S. food was shipped to 105 countries in fiscal year 1969. Commodities shipped included wheat, flour, bulgar wheat, corn, cornmeal, nonfat dry milk, butter, vegetable oil, and two high-protein, low-cost formulated foods—CSM (a corn-soya milk blend) and WSB (a wheat-soya blend). These formu-

lated foods, developed through the combined efforts of U.S. industry and government, are being used successfully to combat a worldwide deficiency of protein.

The foreign donation program is carried out principally through church and other voluntary relief agencies which make distribution abroad. Donations are also made on a government-to-government basis for natural disaster and refugee relief.

Major emphasis in 1969 donations was placed on combating hunger and malnutrition, developing community projects to provide employment for large numbers of people, and improving the health of children. Roughly 17 percent of donated commodities were shipped for food-for-work projects—a program that seeks to substitute employment for welfare feeding of able-bodied adults.

This type of assistance has been a major factor, for example, in helping Indonesia solve its unemployment problems and increase agricultural production. Indonesia's food-for-work projects have been undertaken primarily to improve irrigation, drainage, and flood control.

Approximately \$50 million of the U.S. contribution in the form of overseas donations—or roughly one-fifth of its total—goes to the World Food Program, a multilateral food aid organization established in 1962 by the United Nations and the Food and Agriculture Organization. In 1969, 74 member countries supported this program with food, services such as ocean transportation, and cash.

Cut in Dutch Butter Surplus May Be Short Lived

A recent campaign to reduce surplus butter stocks being held by the Dutch Intervention Board (V.I.B.), a support agency similar to the U.S. Commodity Credit Corporation, gives some signs of success. Closer examination of the results, however, suggests that the success achieved so far may be of a temporary nature.

Dutch butter stocks were at an alltime high on October 11, 1969, when there was a total of 79,500 tons in that country. The V.I.B. held 70,200 tons; 9,300 tons were in private stocks. Butter production rose by 11 percent in the period January 1-May 16, 1970, but total butter stocks fell to 61,100 tons; 40,000 tons were held by the V.I.B. Intervention stocks of butter fell by 30,200 tons from October 1969 to May 1970. But at the same time, other butter stocks in the country increased from 9,300 tons in October 1969 to 21,100 in May 1970. Thus the drop in intervention stocks was partially offset by the gain in private butter stocks.

Special price reductions were apparently given in the campaign to reduce V.I.B. stocks. Dutch Government statistics for January 1-April 30, 1969, reveal that Dutch butter exports in that 4-month span amounted to 16,880 tons and realized \$12,175,000, an average of \$721 per ton. In 1970, Dutch butter exports in the same 4-month period totaled 28,970 tons with an export value of \$16,718,000, an average of \$577 per ton. Thus, although export sales went up by 72 percent by weight, value went up 37 percent.

These price concessions caused some old customers to increase their imports and brought new customers into the market. West Germany bought 2,200 tons of Dutch butter during the period January-April 1969; it increased its purchases of Dutch butter to 3,420 tons in the same period of 1970. Poland, which was not in the market for Dutch butter in 1969, bought

3,000 tons in the first third of 1970. Saudi Arabia's purchases went from 48 tons in calendar year 1969 to 2,446 in the first 4 months of this year.

Whether the present reduction of the intervention butter stocks will be long lived is hard to ascertain. The Dutch dairy industry is in a delicate state of balance. Milk deliveries so far in 1970 are up by about 4 percent (more than 100,000 tons) over last year. The growth in liquid-milk use by consumers is relatively stable; the sale of milk for conversion to condensed and evaporated milk is stagnating because of the lack of growth in the export market.

Much of the Dutch milk production is being manufactured into cheese, which so far in 1970 shows a 4-percent growth in production over last year. The boost in cheese production is going into the export market—mostly to West Germany. To complete the picture, production of whole dry milk so far in 1970 was only moderately higher than a year ago, but this rise is generally believed temporary.

If cheese exports drop, a serious situation could occur. Exports of condensed and evaporated milk are of little or no assistance in getting rid of surplus milk; future growth of consumption by the milk-drinking public offers little hope. Manufacturing of whole dry milk offers a limited prospect. Thus the only readily available customer for surplus milk is the cheese manufacturer. But, if cheese exports fall, the surplus milk resulting from this drop will be churned into butter. The intervention Board is committed to purchase all the butter produced by Dutch dairies, and so with the fall in export sales of cheese will come a concomitant increase in surplus butter stocks.

—Based on a dispatch from BRICE K. MEEKER
U.S. Agricultural Attaché, The Hague

The Second World Food Congress— Different From the First One

BY DON PAARLBERG

Director of Agricultural Economics
U.S. Department of Agriculture

Seven years make a big difference. Back from the Hague and the Second World Food Congress, I've been thinking how ideas, attitudes and, indeed, concern about world agriculture have changed since 1963 and the First World Food Congress.

At that Congress, a largely professional and conventional group of agricultural officials were deeply concerned with the need for an increase in total food production. It was a meeting on the specifics of agricultural production: better seed, fertilizers, irrigation, pesticides, research, and the like. It was structured in a conventional manner and, I suppose, reached a rather predictable end.

Things were different this year

But things were different in 1970. The concern was still there, but with an even deepened commitment to the alleviation of world hunger by the 1,800 participants. While still recognizing the need for increased production, the Second Congress was more concerned with equity in its distribution. The prevailing thought was that significant technical gains had been made in the years since the First Congress, and that the need was to put this technology into effective use.

And the 1,800 delegates were of a different sort. There were still many professionals, but among them were as many

as 300 youths—not yet professionals, certainly not conventional, some very vocal. But their concern for the world's people matched that of us older and perhaps more staid delegates. It was an exciting, and sometimes jarring, experience to be with them for the 2 weeks. The Second Congress, largely as a result of the attendance of these young people, was more concerned than the First Congress with institutional changes, land reform, and governmental reorganization as a prerequisite for needed changes.

The 1970 meetings, in contrast with those of 1963, were certainly not conventional. The young people, led prominently by the Dutch, English, and Canadians, were sharply critical of certain FAO programs because of their alleged preferential treatment for privileged groups within the representative countries. They also faulted a number of the developed countries for what were called unfair international trade practices. In a 3-hour session organized by the young people, with multimedia techniques, there came a steady drumfire of criticism, allegations, and demands. The Congress listened, for the greater part quietly, to these charges. The final Congress statement reflected the criticism, but turned it to a positive nature. The final declaration, to which the participants agreed, outlined these recommendations:

- All governments must drastically increase the supply of resources for development and channel an increasing proportion through an improved system of international cooperation.
- Governments must make knowledge available regarding different population policies, and assure that people are free to follow the mandates of their own conscience in the matter of family size.
- Export opportunities must be increased for the developing countries.
- Governments should provide farmers and fishermen with the means, services, and incentives required to meet growing food needs.
- FAO and other international agencies should take action to alleviate the growing threat of contamination and destruction of the environment.
- Private investors should give preference to undertakings which make the maximum contribution to economic growth.
- Voluntary charitable organizations should adapt themselves more fully to the needs of the people they serve.

American youths present statement

The American youth participants wrote a statement, which was adopted by the whole American group, intended for use in their own country in support of the fight against hunger. Three main points in this declaration were:

- The U.S. Government should put *top priority* on eliminating hunger and malnutrition wherever it exists, and mobilize all necessary resources which this commitment implies.
- The United States should help stabilize prices of agricultural commodities on world markets. The U.S. Government should encourage exports from poor countries by providing more ready access to the U.S. domestic market.
- The U.S. Government should sponsor an imaginative and well-funded aid program of much-needed economic and tech-

A Note On the Author and the Congress

Dr. Paarlberg, Director of Agricultural Economics for the U.S. Department of Agriculture, is a distinguished observer of agriculture and food problems. He is a former Assistant to the Secretary of Agriculture (1953-57), Assistant Secretary of Agriculture (1957-58), Special Assistant to the President (1958-61), and Food for Peace Coordinator, The White House (1960-61). From 1961 to 1969, when Dr. Paarlberg was named to his present post, he was Hillenbrand Professor of Agricultural Economics at Purdue University. He is the author of two books, *American Farm Policy*, published in 1964, and *Great Myths of Economics*, published in 1968.



The Second World Food Congress, sponsored by the Food and Agriculture Organization of the United Nations, was held in The Hague, Netherlands, from June 16 through June 30, 1970. Attending from USDA besides the author were Dr. Quentin M. West, Administrator of the Foreign Economic Development Service; Dr. A. L. Edwards, Deputy Assistant Secretary; Dr. Ruth Leverton of the Agricultural Research Service; and Dr. Caro Luhrs, an Adviser to the Secretary.

nical assistance to countries engaged in their own self-development, recognizing this as a much more important criterion than strategic or political considerations.

Too important for the experts

Participation of the young people this year resulted from FAO's attempt to broaden the basis of its discussions by inviting not only persons with expert knowledge, but also lay people who are active and deeply concerned with FAO-type programs. The 125 Americans who attended came as individuals rather than as representatives of the government or of organizations. They were farmers, tradespeople, educators, government employees, churchmen, and technical experts. And 25 fine young Americans were also there, chiefly veterans of the Freedom From Hunger campaigns in the United States.

This wide variety of people in attendance, contrasting with the rather homogenous 1963 group, made one statement of the Second Congress' final declaration particularly apt: "The dialogue initiated at this Congress must continue. Food and development are too important to be left only to the experts." Even taking this phrase into account, I was impressed with the large number of very competent experts attending from such varied fields as agricultural production, population, ecology, and international trade.

The Congress, opened by Queen Juliana of The Netherlands, was chaired by the Dutch Minister of Agriculture P. J. Lardinois. FAO Director-General A. H. Boerma, speaking at the beginning and end of the Congress, noted that it was not

enough to discover new and better means of doing things, and that the new prospects generated by the so-called Green Revolution should not "betray us into any sense of approaching triumph." There must be, he said, "determined investment of will in the betterment of the human condition." The Green Revolution can only succeed if enough people around the world are sufficiently concerned to see that it reaches all sectors of society down to the very poorest and that its benefits are available to all." Other prominent speakers at the Congress were UN Secretary-General U Thant, former Canadian Prime Minister Lester Pearson, Roger Revelle of the Harvard School of Public Health, Lord Ritchie-Calder of the University of Edinburgh, former FAO Director-General B. R. Sen, Vice President S. L. Mansholt of the European Economic Community Commission, and the recorded voice of Lord Boyd Orr of Scotland, who was the first FAO Director-General.

Especially noteworthy at the Congress was the able leadership which came from the developing countries of Asia, Africa, and Latin America. Many of these people were young, articulate, and possessed of considerable parliamentary skill.

It will be interesting to watch the impact of these talented people in guiding the development efforts of their own countries. It will be just as interesting to follow the progress of all the young people represented at the Congress as they embark upon their careers. Hopefully, their enthusiasm and dedication will combine with the experience and expertise of the older generation to produce real progress in the fight against hunger.

A Review of Food Congress Recommendations

Scores of recommendations were developed at the Second World Food Congress and will soon be available in detail to interested governments, voluntary organizations, businesses and industries, and concerned individuals. Many of these recommendations will undoubtedly be incorporated into the future programs of the Food and Agriculture Organization of the United Nations.

These recommendations grew out of the work of eight commissions that studied various aspects of the problems connected with growing adequate food to feed the world and with distributing it in an equitable manner. Four of the commissions were occupied with the formulation of general, sweeping recommendations within the limits imposed by their areas of responsibility. The other four took these general recommendations and from them drew up proposals to encourage the rapid and effective development of necessary support programs to implement the recommendations. Some of the proposals are reviewed in the following paragraphs.

Commissions I and II in stage 1 were, in a sense, complementary. The first of these studied the problem of *Insuring Basic Food Supplies*, while Commission II took its study one level higher and examined the subject of *Higher Living Standards and Improved Diets*. The first unit stated that if necessary, certain social changes should be made to insure that everyone gets a proper basic diet. It called for the adoption of a positive attitude toward family planning by governments suffering from population suplushes; for the enactment of land reform policies to give agricultural producers an equitable share of their production; and for careful consideration of programs that would tend to give equal opportunities to all strata of society.

Commission II recommended that government policies give first priority to meeting the nutrition needs of certain vulnerable groups: infants, small children, expectant and nursing mothers.

Both commissions placed particular emphasis on the establishment of education and training programs—both basic and advanced. Commission II also noted the importance of food-aid programs and declared that they should give emphasis to the distribution of protein food.

Commissions III and IV of the first stage studied the role of *People in Rural Development* and *Trade Patterns and Policies*. The importance of rural development programs in a developing nation was closely analyzed; farm citizens were studied both as a national resource and as human elements. The commission recommended that this resource be fully utilized, and that particular attention be paid to the role being played by women, to assure their complete integration into their country's social, economic, and community life.

The commissions in stage 2 were then given the recommendations of the first stage to improve further and to be refined, restated, and reissued as programs for action. The areas of study of these commissions were: *Public Sector Support*, *Private Sector Support*, *Direct Participation Programs*, and *Mobilization of Public Opinion*.

Whereas the general thrust of the commission dealing with the public sector was to suggest governmental action in the areas of agricultural policy and planning, of farm incomes and their distribution, and of the extension of agricultural educational and research programs and facilities, the second commission examined the role to be played by voluntary agencies, business, and industry.

News of U.K. Agricultural Developments

The following stories on opinions and activities of Britain's National Farmers' Union and on other subjects are based on dispatches from the Office of the U.S. Agricultural Attaché, London.

Farmer Attitudes on Joining EC

The results of the recent British elections should not affect the United Kingdom's general objectives at the negotiations for British entry into the European Community (EC), according to Asher Winegarten, chief economist of the British National Farmers' Union, in a June 26 speech to French cereal growers.

Nevertheless, with the new government, the United Kingdom will move progressively toward a support policy nearer to that practiced in the EC, Mr. Winegarten maintained. His main point in this regard was that, despite this change in policy, the new government intends to continue the procedure of the Annual Review and Determination of Guarantees. The Union believes that the farm organizations in the six EC member countries want a similar procedure at Community level.

Other features of the British system which the Union feels are important to retain include the continuing operation of marketing boards and arrangements designed to assist producers in remote mountainous areas, Mr. Winegarten said. Singling out the British horticulture industry as requiring special consideration and a long transition period to adapt to Community conditions, Mr. Winegarten noted that some horticultural producers in the south of France have been advocating protection against imports from other members of the community.

On the wider implications of British entry into the EC, Mr. Winegarten expressed concern that a too rapid rise in food prices might lead to a contraction in demand for food, which would only aggravate the supply problem. He drew attention to the difficult question of whether the extra short-run cost to the U.K. balance of payments will be offset by longer term benefits of joining the Community.

Mr. Winegarten pointed out that British farmers would have to make considerably greater adjustment on entering the EC than the farmers of the original six countries did in the early days of the Community.

Meat Market Boycott a Success

British National Farmers' Union members solidly demonstrated their disapproval of the 1970 Annual Review this spring when they withheld their livestock from agricultural markets for a week.

Most of the English farmers were expected to ignore the Union's call for protest action. But their boycott disrupted almost all livestock markets in England, and the few farmers who turned up with livestock for sale were easily dissuaded from trading.

The Union's hope that consumers would not be inconvenienced by the boycott also appears to have been largely fulfilled. Particularly heavy livestock marketings the week before the boycott meant that larger than usual supplies of home-killed meat were available to carry forward into the boycott

week (May 10-16), and supplies of imported meat were plentiful. As a result, there were few price changes on meat markets, except in some rural areas where imported meat is seldom seen.

Butter Prices Rise in United Kingdom

This year, New Zealand and Australia increased the price of bulk butter sold in the United Kingdom from \$60 per hundredweight (112 lb.) to \$63. This increase on June 24 was the first price change since March 1966, when the price came down from \$62.40 to \$60 per hundredweight. It appears that the New Zealand price increase was due to a combination of the New Zealand drought and increases in the cost of handling and transport in recent years. A further 4½-percent rise in freight rates is due in October. New Zealand supplies about 40 percent of the United Kingdom's butter imports, and, as a result, the price of New Zealand butter sets the tone of the market.

The following day, English butter went up by \$2.80 to \$75.60 per hundredweight, and the Irish Dairy Board announced that its price was going up by \$3 to \$75.40 per hundredweight. Further price increases are expected, although it is reported that no move is expected by Denmark for the time being.

One effect of the butter price increases should be a slight increase in the returns earned by British dairy farmers, since a higher butter price will be reflected in the price paid for manufacturing milk. Milk used for butter in the United Kingdom gives the lowest return of all manufacturing outlets, and an increase will help to raise the pool price per gallon received by British farmers.

British NFU on Farm Policy

Just before the British General Election this year, the British National Farmers' Union issued a policy statement containing points to be brought to the government's attention as a basis for agricultural policy in the 1970's.

The keynote of the NFU policy statement was the call for enough resources to bring about a significant increase in British agricultural production. The Union pointed out the role of agricultural expansion in saving on imports of Temperate Zone foods.

The statement also called for modernizing and simplifying the Annual Review mechanism and for a special Review this fall to reimburse producers for increased costs. In the international sphere, the Union called for renegotiating of international commitments which prevent U.K. producers from increasing their share of the U.K. market and for streamlining of such import arrangements as antidumping legislation. One of the most significant demands in this sphere was for extending import regulatory arrangements, such as minimum import price schemes, to commodities not covered at present—beef, for example. Continued and extended participation in international commodity agreements was called for.

One of the Union's main concerns in negotiations for British entry into the Common Market is the necessity of safeguards for the interests of British agriculture and horti-

culture. In this connection, it called for continuing an effective Annual Review procedure and for developing consultative arrangements between the Community authorities and producer organizations. It also called for continuing the United Kingdom's producer marketing boards and for a transitional period that will enable necessary adjustments to be made.

Other measures it asked for include the modification of tax policy (with a particular warning of the dangers of introducing a wealth or gift tax) and the exemption from local taxation of all buildings used in horticulture and agriculture, including buildings used for the intensive feeding of livestock.

Finally, the Union asked that British producers not be penalized by having to observe animal husbandry and feed additive regulations from which imported products are exempt.

UK in GATT Milk Powder Arrangement

The British Government has informed the Director-General of the General Agreement on Tariffs and Trade that the United Kingdom will participate formally in the Arrangement on Skimmed Milk Powder, which it is already observing in practice. The Minister of Agriculture told the House of Commons that the arrangement, together with the butter quota arrangements and the voluntary agreements on imported

cheese, will make an important contribution to market stability for dairy products in the United Kingdom.

The arrangement lays down a minimum export price of \$20 per 100 kilograms for exports of skimmed milk powder, but permits exports for animal feed under approved arrangements to certain destinations at prices below the minimum export price. Domestic market prices are not prescribed by the arrangement.

U.K. production of skimmed milk powder (byproduct of butter and cream manufacture) has expanded considerably in recent years as a result of increased milk output.

The United Kingdom's domestic production and imports of skimmed milk powder in recent years have been as follows:

	Home production 1,000 tons	Imports 1,000 tons	Total 1,000 tons
1966	59.4	30.1	89.5
1967	72.5	38.2	110.7
1968	94.6	37.7	132.3
1969	88.2	27.7	115.9

New Zealand is Britain's main overseas supplier (accounting for about two-thirds of the imports), followed by the Irish Republic.

U.S. Share Slips in World Burley Markets

By LEROY HODGES, JR.

Tobacco Division, FAS

The United States still dominates both world production and the growing world market for burley-type tobaccos—an essential ingredient of American-blend cigarettes. However, a number of developing countries have greatly increased their burley outputs and foreign sales in the past few years because of imported American technology, various political factors, and the profitability of burley production with low land costs and inexpensive labor. U.S. burley remains the standard of excellence for its type of tobacco; but in many African, Asian, and European countries with expanding cigarette consumptions, price rather than quality may determine sales.

Total Free World exports of burley increased from 61 mil-

lion pounds in 1960 to an estimated 130 million pounds in 1969. During the same period, although the value of U.S. burley exports grew, the U.S. share of the world market declined from 56 percent to about 40 percent.

Some of the countries that gained larger shares of the world market during the 1960-69 period were South Korea, Greece, Italy, Mexico, and Malawi. Their prices for burley were low compared to U.S. export prices—some less than one-half. For example, prices of burley exports from Greece, South Korea, and Malawi in 1968 and 1969 averaged 50 U.S. cents per pound, 30 cents, and 38 cents, respectively. U.S. burley export prices averaged about 96 cents per pound.

Another factor lessening growth of U.S. burley exports is that many developing countries in Africa, South America, and the Far East are now producing more and more of their own

BURLEY TOBACCO: ESTIMATED FREE WORLD PRODUCTION

Country	Average		1965	1966	1967	1968	1969
	1950-54	1960-64					
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
United States	599.8	623.0	586.3	586.7	540.6	563.4	591.4
Spain	15.9	38.7	43.7	19.1	43.1	38.9	38.4
Italy	14.8	25.1	33.8	33.1	46.8	55.9	57.2
South Korea	—	3.5	18.5	29.5	34.1	35.1	33.5
Japan	4.0	18.4	30.8	28.4	26.3	20.3	19.8
Greece	—	2.6	9.4	13.2	21.4	20.8	25.3
Mexico	1.7	10.5	13.2	15.4	22.1	15.4	15.9
Malawi	(¹)	3.9	5.8	5.3	5.9	6.7	7.6
Rhodesia	1.5	.8	6.0	4.3	5.0	4.0	5.0
Zambia	(¹)	2.0	4.4	1.9	.6	.6	.7
Canada	3.6	5.9	4.0	5.5	4.7	3.0	3.3
Others	31.5	38.1	49.9	54.3	57.9	71.3	75.8
Total Free World	672.8	772.5	805.8	796.7	808.5	835.4	873.9

¹ Included in Rhodesia.

ESTIMATED FREE WORLD BURLEY EXPORTS

Country	Average				
	1960-64	1965	1966	1967	1968
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
United States	41.5	45.3	45.7	46.1	42.8
Japan	8.0	9.8	10.8	5.2	7.7
Mexico	5.1	7.8	12.6	8.8	9.0
Greece	1.5	7.0	11.6	9.5	10.0
South Korea6	1.3	2.6	8.8	10.0
Italy	8.6	7.7	8.0	11.4	9.9
Rhodesia					
Malawi	4.6	5.6	4.7	4.3	6.1
Zambia		4.5	2.0	.5	.5
Canada	1.9	2.1	2.0	.5	.6
Others	1.7	4.0	4.0	6.9	11.4
Total	73.5	95.1	104.0	102.0	108.0

burley. In general, the high price of U.S. burley has acted as a sort of price support encouraging larger and larger crops in the new producing areas.

Spread of burley demand

Burley was developed and first grown commercially in the Kentucky-Tennessee-Ohio area of the United States and was used as a pipe tobacco. Early in the 20th century, however, it was blended with other tobaccos in American cigarettes, and its production rose sharply as cigarette smoking became more popular.

Demand for burley tobacco in Europe and the Far East increased sharply after World War II. Wherever American servicemen had been stationed, local populations came to know American cigarettes—a blend of about 50 percent flue-cured tobacco, about 33 percent burley, and the remainder oriental. American tourists, who travel in nearly every country of the world, have further spread familiarity with American cigarettes.

As countries' economies have gradually improved and more people can afford to buy luxuries, many areas have had a gradual trend toward the American-blend cigarette at the expense of traditional types of local oriental and black cigarettes. (Black cigarettes contain inexpensive, dark tobacco.)

Per capita cigarette consumption is also rising sharply in the major countries of the Far East and in the developing countries in Africa and South America. Both trends have greatly increased demand for burley tobaccos—especially white burley, a strain particularly adapted to blending in cigarettes, which was raised in quantity only in the United States before World War II.

In 1950-54 the United States was producing about 89 percent (600 million pounds per year) of world burley output, but several other countries had made their appearances as producers. Spain had an average annual production of 16 million pounds for the period, Italy 15 million, Japan 4 million, Mexico 2 million, and Rhodesia, Malawi, and Zambia combined 1.5 million.

By 1969 the U.S. share of world production had fallen to about 68 percent (approximately 591 million pounds for the year) and all the countries previously mentioned as new producers had increased their outputs. In addition, South Korea and Greece had become important burley producers and exporters. U.S. exports in 1969 were 51.9 million pounds, nearly at a record level.

Burley markets

Some of the world's major burley markets are the Common Market countries (especially West Germany) and the United Kingdom. The United States has special competition in each area.

Italy as an EC member and Greece as an associate member have duty-free access for burley to the Common Market. Certain African countries also have associate status and duty-free access for burley exports. Burley exports from Commonwealth countries are subject to lower taxes on entering the United Kingdom than exports from other countries.

Burley production in all the countries just mentioned and in other producing countries will certainly expand and also improve in quality in the future. Increased competition from these countries' exports will tend to further decrease the U.S. share of the world market. However, as world demand continues to increase, the United States expects to maintain its exports at the current level.

New Zealand Joins OECD Committee for Agriculture

An agreement has been reached by New Zealand and the Organization for Economic Cooperation and Development (OECD) providing for the full participation of New Zealand in the agricultural work of the Organization. (Full members are Austria, Belgium, Canada, Denmark, Finland, France, West Germany, Greece, Ireland, Italy, Japan, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and the United States.)

Under this agreement (signed June 25 by Paul Gabites, New Zealand's Ambassador to France, and Emile Van Lennep, the OECD Secretary-General), New Zealand will take part on the same basis as Member countries of the Organization in the activities of the Committee for Agriculture and also in those of its Working Parties, at present dealing with agricultural policies, dairy products, meat, fruits, and vegetables. The Government of New Zealand will also be represented by an observer at the meetings of the OECD Council whenever matters relating to agriculture are discussed.

New Zealand is an important exporter of farm products,

whose highly developed agriculture resembles those of OECD countries. As Ambassador Gabites wrote to the Secretary-General in March, New Zealand has already adhered to the Scheme for Varietal Certification of Herbage Seed and the understanding on exports of whole milk powder; has participated in meetings on meat hygiene and on international standards and packaging for fruit and vegetables; and has been represented at several technical agricultural conferences conducted in accordance with the Organization's program of work in agriculture. In addition, its agricultural authorities have been regularly supplying statistical information on its agricultural situation; and New Zealand was included in the OECD exercise on agricultural projections up to 1975 and 1985.

The Ambassador pointed out that his government felt New Zealand's participation in this OECD work would be of mutual benefit, for example in the working parties on meat and dairy products, commodities of which New Zealand is a major exporter.

Färska härliga amerikanska grönsaker



Isbergssallad 295

**Körbärs-
tomater 950 | Rädisor 80**

Newspaper advertisements, above and below left, and in-store displays, right, helped to make the Metro promotion a success.

Variera med långkornigt ris från USA

Det amerikanska, långkorniga riset är känt för sin höga kvalitet och har mer och mer börjat serveras i våra svenska hushåll. Lätt och gott att variera till kött, fisk, korv och i sallader.

Mahatma Risgryn 120
förpackning.

Uncle Ben's Rice 125
paket.

**Aunt Caroline
Rice 98**
340g pkt



AMERIKANSK MATFESTIVAL

American Food Festival in Swedish Supermarkets

Colorful window exhibits, advertising local papers, recipe handouts, and attractive shelf displays teamed up to make the "American Food Festival," held last spring in 44 stores of the Swedish supermarket chain, Metro, an unqualified success. Total sales of U.S. products during the week-long promotion totaled \$160,815.

Individual products came in for special attention during the promotion. One of the stars was U.S. long grain rice. Four brands were featured, and sales showed a nearly 400-percent increase over prepromotion levels. Shoppers in Metro stores were given recipe booklets which included a number of dishes prepared with "amerikanskt langkornigt ris."

Newspaper spreads announcing the "American Food Festival" and advertising a wide range of the U.S. products appeared in leading Stockholm and Gothenberg newspapers. These advertisements are a well-known feature in leading dailies and command a large and interested following among Swedish housewives.

This was the second successful promotion of U.S. foods in the Metro chain—the first was held in the fall of 1968.

U.S. Beans to El Salvador

El Salvador, currently facing a shortage of dry beans, recently purchased 1,000 metric tons of small red and pink dry beans from the United States. The beans arrived at the port of Acajutla, El Salvador, on June 17—the first shipment of U.S. beans to that country in several years.

The shortage of beans in El Salvador has sent retail prices soaring from 10 U.S. cents a pound to the current 16-20 cents in nongovernment stores, which handle the bulk of sales.

El Salvador also purchased some 1,500 tons from Colombia and a few bags from Guatemala. But supplies are scarce over much of the area.

U.S. beans are unloaded at the port of Acajutla, El Salvador.



CROPS AND MARKETS SHORTS

U.S. Cotton Exports Up

Exports of U.S. cotton in the first 11 months (Aug.-June) of the 1969-70 season totaled 2,582,000 running bales, compared with 2,453,000 bales shipped during the same period in 1968-69. It now appears that 1969-70 exports will equal the 2.7 million bales exported in 1968-69.

Exports in June 1970 totaled 269,000 bales, compared with 299,000 bales in May and 194,000 bales in June 1969.

U.S. COTTON EXPORTS BY DESTINATION [Running bales]

Destination	Year beginning August 1				
	Average			Aug.-June	
	1960-64	1967	1968	1968	1969
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Austria	23	1	0	0	0
Belgium-Luxembourg	121	45	30	27	18
Denmark	14	10	1	1	(¹)
Finland	17	11	3	3	6
France	319	148	88	85	30
Germany, West	269	100	31	29	24
Italy	345	253	62	58	45
Netherlands	110	36	19	17	17
Norway	13	7	5	5	1
Poland	125	77	106	106	51
Portugal	21	9	8	8	2
Romania	2	0	0	0	46
Spain	74	7	5	5	4
Sweden	81	75	51	49	36
Switzerland	74	60	32	31	14
United Kingdom	244	125	48	46	37
Yugoslavia	112	67	54	54	0
Other Europe	15	24	7	8	4
Total Europe	1,979	1,055	550	532	335
Algeria	9	13	27	27	11
Australia	61	17	0	0	(¹)
Bolivia	7	0	0	0	0
Canada	353	142	108	103	173
Chile	18	1	(¹)	(¹)	1
Colombia	3	0	(¹)	(¹)	0
Congo (Kinshasa)	6	13	0	0	0
Ethiopia	9	22	9	9	1
Ghana	1	12	17	17	27
Hong Kong	148	299	194	181	58
India	314	342	174	42	207
Indonesia	40	70	105	102	216
Israel	15	4	1	1	(¹)
Jamaica	4	1	2	2	2
Japan	1,192	1,103	536	495	606
Korea, Republic of	261	351	447	433	422
Morocco	12	35	19	17	25
Pakistan	14	18	1	1	11
Philippines	123	154	119	102	141
South Africa	41	23	9	8	3
Taiwan	209	378	259	249	178
Thailand	34	90	66	61	46
Tunisia	2	14	0	0	5
Uruguay	6	0	0	0	0
Venezuela	8	(¹)	(¹)	(¹)	(¹)
Vietnam, South	46	24	62	50	99
Other countries	9	25	26	21	15
Total	4,924	4,206	2,731	2,453	2,582

¹ Less than 500 bales.

EC Levy on Poultry and Egg Imports

Effective July 13, the EC reinstated a supplementary levy on imports of broilers and grillers and on chicken halves and quarters. The new supplementary levy on these categories of poultry meat now amounts to 2.5 cents per pound, raising total charges for broilers from 7.1 cents per pound to 9.6 cents per pound and for grillers from 7.6 cents per pound to 10.1 cents per pound. There were no supplementary levies on these items during the preceding 3 months.

The increased levies will serve as additional obstacles to U.S. poultry sales to the EC. During the first 5 months of this year, total U.S. exports of young whole chickens were up 6 percent by quantity and chicken parts up 5 percent from the corresponding period last year.

The supplementary levy for dried egg yolks was increased to 27.2 cents per pound from 22.7 cents per pound, the rate since February 9, 1970. There was no change in the variable levy of 32 cents per pound. Thus total charges on imports of dried egg yolks are now 59.2 cents per pound.

Weekly Rotterdam Grain Price Report

Current prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago, are as follows:

Item	July 29	Change from previous week	A year ago
	Dol. per bu.	Cents per bu.	Dol. per bu.
Wheat:			
Canadian No. 2 Manitoba	1.95	0	1.92
USSR SKS-14	(¹)	(¹)	1.84
Australian Prime Hard	(¹)	(¹)	1.87
U.S. No. 2 Dark Northern Spring:			
14 percent	1.93	+3	1.86
15 percent	1.95	-1	1.93
U.S. No. 2 Hard Winter:			
13.5 percent	1.82	+4	1.83
Argentine	(¹)	(¹)	(¹)
U.S. No. 2 Soft Red Winter ...	1.67	0	1.66
Feedgrains:			
U.S. No. 3 Yellow corn	1.64	-3	1.42
Argentine Plate corn	1.76	-1	1.64
U.S. No. 2 sorghum	1.51	+3	1.34
Argentine-Granifero	1.54	+2	1.36
Soybeans:			
U.S. No. 2 Yellow	3.32	-1	2.87

¹ Not quoted.

Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

Iran Expects Record Rice Crop

Iran's rice production during 1970 is reported to be at an alltime high. The yield is expected to be about 200,000 tons more than domestic requirements. A total of 314,000 acres, or about 17,000 acres more than last year, were planted to rice.

Contributing to increased production are better cultivation methods and introduction of new varieties of rice by Japanese and Taiwanese rice technicians. Also responsible is the availability of larger quantities of water.



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Foreign Agriculture

USDA Revises Data on Licensed Dairy Imports

The U.S. Department of Agriculture has released revised data on imports of cheese and other dairy products against licenses under Import Regulation 1, Revision 5, as amended, for the period ending December 31, 1969. The Department's preliminary report for the period was issued on May 20, 1970 (See *Foreign Agriculture*, June 15, 1970).

The revised figures, released on July 24, represent minor changes as the result of additional and corrected import documentation. They are as follows: Cheddar cheese 8,109,501 pounds; American-type cheese other than Cheddar 5,840,844

pounds; Italian-type cow's milk cheese in original loaves 9,887,412; natural Edam and Gouda cheese 8,809,097; and Blue-mold cheese 4,666,426 pounds. Imports of dried whole milk, unlisted in the preliminary report, reached the quota limit of 7,000 pounds.

The revised figures with imports by country of origin are shown on the accompanying table.

Imports of processed Italian-type cheese, processed Edam and Gouda cheese, Emmentaler cheese, dried skim milk, dried buttermilk, and chocolate crumb remained unchanged.

UNITED STATES: IMPORTS OF CERTAIN DAIRY PRODUCTS UNDER IMPORT LICENSES
JANUARY 1, 1969 THROUGH DECEMBER 31, 1969¹

Country of origin	American cheese other than Cheddar	Cheddar cheese ²	Italian-type cheese in original loaves	Edam and Gouda cheese	Blue-mold cheese ²	Gruyere process cheese	"Other" cheese nsf ³	Dried whole milk
	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds
Argentina	—	—	6,568,260	3,924	—	—	—	—
Australia	1,583,520	1,612,423	—	—	—	—	—	—
Austria	15,731	12,280	—	—	—	448,215	88,326	—
Belgium	272,565	177,341	—	—	—	—	189,882	—
Canada	—	272,937	—	—	—	—	179,461	—
Denmark	46,635	39,791	—	210,688	4,512,371	61,882	8,251,085	—
Finland	—	—	—	79,793	—	1,484,373	1,123,452	—
France	—	—	—	—	4,710	2,385	67,490	—
Hungary	—	—	—	—	—	—	—	—
Iceland	—	—	—	—	—	—	559,692	—
Ireland	520,500	503,698	—	—	—	62,937	129,153	—
Israel	—	—	—	—	—	317	—	—
Italy	—	—	3,319,152	—	83,214	—	—	—
Netherlands	—	—	—	8,308,329	—	—	4,029	—
New Zealand	3,271,320	5,332,910	—	—	—	—	3,702,820	7,000
Norway	—	—	—	11,078	57,052	—	187,133	—
Poland	—	—	—	—	—	—	2,063,992	—
Portugal	—	—	—	4,673	—	—	—	—
Sweden	120,874	117,090	—	190,612	9,079	—	1,524,289	—
Switzerland	—	—	—	—	—	7,220	3,688	—
United Kingdom	—	16,053	—	—	—	3,078	211,964	—
West Germany	9,699	24,978	—	—	—	1,054,816	756,900	—
Total	5,840,844	8,109,501	9,887,412	8,809,097	4,666,426	3,125,223	² 19,943,356	7,000
Quota	6,096,000	8,812,500	11,500,100	9,200,400	5,016,999	3,289,000	25,001,000	7,000

¹ Revised. ² Includes processed cheese. ³ Not separately provided for.